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ALMRS

Automated Land and Mineral Record System

BOND & SURETY FILES

II. INTERFACED FILES (BLM)

10. Geographic Coordinates

11. Resource Data

12. Bond

13. Surety

14. Qualification

15. Master Name

I. ALMRS SYSTEM

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2. Ownership & Status
3. Serial Number Log
4. Stipulations
5. Regulation Reference File

B. Manual Data

6. Case File
7. Survey Plats
8. Control Document Index
9. Reference Information

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10. Geographic Coordinates
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III. INTERFACED SYSTEMS

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19. Simultaneous Oil & Gas Leasing System
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24. Auditing & Financial System
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Q. HOW DO THE BOND AND SURETY FILES INTERFACE WITH OTHER SYSTEMS?

- A. They provide specific information about bonds and surety companies, so that work may proceed on BLM-issued leases, permits, and other authorizations.**

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D-553A, Building 80
Denver Federal Center
P. O. Box 25047
Denver, CO 80225-0047

Q. What is a bond?

A. It's a guarantee.

A person or company agrees to comply with the terms of a lease or permit by depositing money with the Bureau of Land Management, or by obtaining a bond from a surety company to guarantee that an obligation will be met.

The terms of these agreements usually require reclamation of any damages made to Federal lands or ensure that required payments are made, such as rentals and royalties on leasable minerals. Bonds stay in effect until the BLM determines that the necessary obligations have been met.

With a personal bond, the principal (an individual or company) provides cash or its equivalent to the Bureau. A surety bond is a promise by the principal *and* a surety company, where the surety company accepts responsibility for any default of the terms of an authorization. Most bonds (about 98 percent) are surety bonds, issued by companies found acceptable by the Treasury Department. A surety company is not required to deposit money when a bond is filed with the Bureau.

Q. What is a surety company?

A. A company that guarantees an obligation will be met.

Q. How does BLM check a surety company?

A. Through the Surety File.

The **Surety File** is a listing of surety companies, maintained by BLM's Division of Finance in Washington. The Surety File contains the names of all companies accepted for issuing surety bonds, lists States in which the companies are licensed to execute bonds, and includes monetary underwriting limits established by Treasury.

The **Bond File** cross-references the Surety File to ensure that the surety company listed on a bond is currently licensed, acceptable for bonding in the State where the bond is executed, and within underwriting limits.

Q. How many kinds of bonds are there?

A. There are several types, such as:

- **Individual bonds**—cover a principal for an authorization.
- **Collective bonds**—cover a group of unitized leases within an area.
- **Statewide bonds**—cover a principal's leases or permits within a State (or several States).
- **Nationwide bonds**—cover a principal's leases and permits for the entire country.

EXAMPLE: The BLM requires a bond for an oil well. Bond coverage may be furnished by any of the following:

- The surety company
- The lease owner(s)
- The parties who develop or operate the well

Q. Where was bond and surety information kept before automation?

A. In manual records throughout the Bureau.

There was no separate file or system that contained all bond and surety data for the BLM. Bits and pieces of information were found in Area, District, and State Offices; *sharing* the information was a cumbersome process.

State and Nationwide bonds were manually recorded by the receiving offices, which sent data to other offices upon request. Periodic updates of surety information were published in the Federal Register (as is done today), with copies sent to field offices.

For lands work, bond data was usually put into case files. For minerals work, various manual recording methods were used.

Q. What's in the automated Bond File?

A. Information about the principal and the bond:

- Name & address of the principal(s)
- Type of bond
- Case type(s) covered
 - mineral leases
 - rights-of-way
 - timber
 - construction
 - and so on
- Amount of the bond
- Interest relationships of all names in the file
- Case files, serial numbers covered by the bond
- Name identification numbers
- Surety identification number
- Bond number
- Commodities involved
- Types of land involved
 - Acquired
 - Public Domain
 - Revested
 - and so on

Q. What's in the automated Surety File?**A. Information about the surety company.**

- Name & address of the surety company
- Identification number
- States where the surety company is licensed to execute bonds
- Underwriting limitations
- Date company is accepted
- Date company is decertified

Q. What are bonds used for?

A. Almost all land, mineral, and renewable resource activities authorized by BLM.

In minerals work, bonding assures that royalties and rentals are paid, in addition to surface reclamation work. Bond types include:

- **Exploration** (seismic work)
- **Development** (oil, gas, and geothermal)
- **Performance** (reclamation and payments)

In land and renewable resource work, bonds may be required for activities such as:

- road construction
- mining claim development
- power lines
- timber cutting
- improvements to grazing allotments
- landfills
- recreation permits
- reservoirs
- and so on.

Q. Who uses the Bond File?**A. BLM and other government employees, including:**

Adjudicators
Realty specialists
Contracting officers
Oil and gas specialists
Renewable resource specialists
Other land and mineral
employees

... WHERE?

All BLM offices.

BLM employees create case files, accounts, and other records which will share data with the Bond File when the ALMRS system is implemented.

Q. What was wrong with the manual files?

A. Updating, sharing, and transmitting information between offices was slow and cumbersome.

- Current bond and surety information is needed in all BLM offices.
- Manual records cannot interact with other Bureau files.
- All updates to the files were manual.
- Case files, logs, and other records had to be searched manually to find Bond information.
- Treasury Department changes in Surety information had to be gleaned from the Federal Register by each field office.

When it was stored in manual files, bond information wasn't shared with any other BLM system. Frustrating delays occurred for both the public and the government when employees had to search case files and logs to verify or summarize information. For example, physical copies of Statewide and Nationwide bond data had to be sent by receiving offices to other BLM offices covered by the bond.

Q. What are the advantages of an automated system?

A. Savings in time, money, and manpower.

When bond and surety information is automated, it will be available to any terminal on the system. BLM offices will share the files, so only one set of original records will have to be maintained. A great deal of time will be saved in searching, summarizing, transmitting, or updating information.

The automated Surety File is maintained by the Division of Finance in Washington, thus eliminating manual updates by field offices. The Bond File will have a retrieval and reporting capability. Upon request, the file can list all active bonds, States in which they're active, and other data.

Coupled with information from other systems (for example, oil and gas leases, royalties, due dates, and other stipulations), the files will help BLM more efficiently manage natural resources and save tax dollars.

Q. What other systems will the Bond and Surety Files interface with?

A. Master Name File, Mineral System 1, and Solid Leasable Mineral system.

The Master Name File contains names, addresses, identification numbers, name category, and ownership interests in corporations or associations.

The Bond File will interact with the Master Name File to determine whether a name and identification number of an applicant are on file. If not, the name of the bonded principal and other pertinent data will be entered and an identification number assigned. This will permit other interactive systems to locate the bond holder, ensuring consistent entry in their own data files.

While only the Master Name File presently shares data with the Bond and Surety Files, several other files and systems will be interfaced when ALMRS is implemented.

Mineral System 1 (MS-1) tracks lease inspections and Incidences of Noncompliance on oil and gas leases. It provides statistical summaries on inspection sheets, lease-well inventory, operator-lease inventory, and lease inspection history.

The interface between MS-1 and the Bond File will be related primarily to Incidences of Noncompliance where the bonds may be used to repay the government, or for reports such as the number of producing leases managed by a bond holder.

The Solid Leasable Mineral System (SLMS) contains data on Federal and Native American mineral cases, from the application stage through issuance and operations to terminations. The system tracks inspections, status of noncompliances, appeals, assignments, royalty data, and so on, for solid minerals. Interface will provide bonding data on all lessees and operators in the SLMS system.

Bond data will be integrated with and retrieved from all land and mineral cases at all organizational levels. This retrieval and aggregation capability will be especially useful when changes are made in the Surety File, or when data on a specific bonded principal is needed.

Q. Will the Bond and Surety Files interact with other agency systems?

A. Yes—when ALMRS is implemented.

The Minerals Management Service (MMS) bills lessees or their operators for outstanding royalties, penalties, and other specific requirements in oil and gas leases. If payment cannot be obtained, MMS can collect from performance bonds posted with BLM.

The Auditing and Financial System (AFS) maintains records of monies collected and disbursed from Federal and Native American mineral leases. The Bond File will support the accounts receivable function in the automated AFS by identifying bond coverage and debt collection. Automation of the Bond File will greatly reduce manual effort in this area.

The Production Accounting and Auditing System (PAAS) has manual and automated processes for minerals production reporting, accounting, lease management and auditing. The system tracks and maintains production reports by lease, unit, communitization agreement, and facility operator on all Federal and Native American mineral lands.

The Bonus and Rental Accounting Support System (BRASS) processes checks for the collection of bonuses and rentals, and disburses the funds collected. The system provides a monthly billing cycle and updates to lease balances, tracks payment or nonpayment of bonus and rent, and maintains BLM lease records as to the standing of payment.

Both PAAS and BRASS derive bond data from the Auditing and Financial System, and will therefore be indirect beneficiaries of the Bond File.

Q. When will this automation happen?

A. It already has.

The Bond and Surety Files were automated in May 1985 at the BLM Service Center in Denver. They are now available to all BLM offices.

BLM Library
D-553A, Building 50
Denver Federal Center
P. O. Box 25047
Denver, CO 80225-0047

ALMRS Project Office
BLM Service Center
Building 50
Denver Federal Center
Denver, Colorado 80225
(303) 236-6507
FTS 776-6507

BLM Library
D-553A, Building 50
Denver Federal Center
P. O. Box 25047
Denver, CO 80225-0047



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As the Nation's principal conservation agency, the Department of the Interior has responsibility for most of our nationally owned public lands and natural resources. This includes fostering the wisest use of our land and water resources, protecting our fish and wildlife, preserving the environmental and cultural values of our national parks and historical places, and providing for the enjoyment of life through outdoor recreation. The Department assesses our energy and mineral resources and works to assure that their development is in the best interests of all our people. The Department also has a major responsibility for American Indian reservation communities and for people who live in Island Territories under U.S. administration.

**U.S. Department of the Interior
Bureau of Land Management**